

20 CFR § 200.205 Federal awarding agency review of risk posed by applicants.

**(a)** Prior to making a Federal award, the Federal awarding agency is required by [31 U.S.C. 3321](#) and [41 U.S.C. 2313](#) note to review information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information, such as SAM Exclusions and “Do Not Pay”. See also suspension and debarment requirements at 2 CFR part [180](#) as well as individual Federal agency suspension and debarment regulations in title 2 of the Code of Federal Regulations.

**(b)** In addition, for competitive grants or cooperative agreements, the Federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive Federal awards. This evaluation may incorporate results of the evaluation of the applicant's eligibility or the quality of its application. If the Federal awarding agency determines that a Federal award will be made, special conditions that correspond to the degree of risk assessed may be applied to the Federal award. Criteria to be evaluated must be described in the announcement of funding opportunity described in [§ 200.203](#) Notices of funding opportunities.

**(c)** In evaluating risks posed by applicants, the Federal awarding agency may use a risk-based approach and may consider any items such as the following:

**(1)** Financial stability;

**(2)** Quality of management systems and ability to meet the management standards prescribed in this part;

**(3)** History of performance. The applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;

**(4)** Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and

**(5)** The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

**(d)** In addition to this review, the Federal awarding agency must comply with the guidelines on governmentwide suspension and debarment in 2 CFR part [180](#), and must require non-Federal entities to comply with these provisions. These provisions restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities.

[[78 FR 78608](#), Dec. 26, 2013, as amended at [79 FR 75882](#), Dec. 19, 2014]